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*HA/HR
Argentina*

MEMORANDUM OF CONVERSATION

DATE: November 2, 1978

PARTICIPANTS: John Corr, Information Officer, and
a Journalist

SUBJECT: Army Politics, Government Indecision,
Massera

PLACE: American Club, Buenos Aires

PT

The journalist (name available on request) with whom I talked has furnished reliable information in the past, especially about Army politics. He said:

1. There is a definite breach between Viola and Videla over economic policy. Col. Massi, director of psy-ops at the Army general headquarters and a distant relative of Viola, has been working with journalists at Clarin and at La Nacion. These journalists have been serving as channels of criticism from Viola toward Videla's indecision and Martinez de Hoz's economic policies. Claudio Escribano at La Nacion and Joaquim Morales Sola at Clarin are regarded as Viola men.
2. Viola and Martinez de Hoz are fighting over who should be the new labor minister. Viola is backing Gen. Pita and Martinez de Hoz is backing Gen. Sigwald. A compromise candidate could be Gen. Reston.
3. The new cabinet is a clear-cut victory for Harguindeguy. The delay in filling cabinet posts is a symptom of the paralysis of power that affects both the Presidency and the Army. Viola has yet to finally resolve the problem of Gen. Suarez Mason, who is thought to be destined for the chief of the joint general staff position.
4. Massera will soon open a "foundation" front and a number of other front organizations. He is being financed by a variety of organizations, including the Social Democratic International and the "Ambrosianos" a Catholic religious order that handles Church investment funds. The Banco de Italia is one of the backers of the Masserista newspaper Conviccion.

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